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December 16, 2008

## **AGENDA ITEM 9**

### **TO: MEMBERS OF THE FINANCE COMMITTEE**

- I. SUBJECT:** Budget and Expenditure Report Through the First Quarter of Fiscal Year (FY) 2008-09
- II. PROGRAM:** Administration
- III. RECOMMENDATION:** The Finance Committee recommends that the Board of Administration approve the transmittal letter and submission of the Budget and Expenditure Report through the first quarter of FY 2008-09 to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2008, and to the Legislative Analyst's Office, State and Consumer Services Agency and the Office of the Legislative Counsel.

### **IV. ANALYSIS:**

The information contained in this agenda item will be submitted to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with control language included in the Budget Act of 2008, Item 1900-015-0830 (1) (c). Copies of this agenda item will also be transmitted to the Legislative Analyst's Office, State and Consumer Services Agency and the Office of the Legislative Counsel. The submittal of this item will take place upon approval of this agenda item by the Finance Committee and the Board of Administration. A draft transmittal letter is attached for your review and approval.

The attached report includes the following items for the first quarter of FY 2008-09:

- Budget and Expenditure Summary by Function and Division
- Summary Charts by Function
- Graphical Display of Budget and Expenditure by Function
- Position Summary
- Projected and Actual Investment Expenditures
- Directed Brokerage Commissions and Expenditures
- CalPERS Headquarters Building Account Budget/Income/Expenditure Summary
- Expenditures by Fund Source Summary

#### **V. HIGHLIGHTS:**

The following is a brief summary outlining significant attributes related to the Budget and Expenditure Report for the first quarter of FY 2008-09.

- The percentage of administrative encumbrances and expenditures are 31.9 percent of Budget (Attachment 1). This is consistent with last year (FY 2007-08) when 32.7 percent of the Budget was encumbered and expended.
- The vacancy rate has improved to 12.8 percent compared to 13.0 percent on July 31, 2008 (Attachment 4).
- Actual investment expenses are 7.0 percent of projected expenses (Attachment 5). This is consistent with last year (FY 2007-08) when 8.7 percent of the Investment Budget was expended.
- The Actual Expenses column in the Projected and Actual Investment Expenses Report includes a new line for Inflation Linked Asset Class fees. A separate projection for Inflation Linked Asset Class Fees will be reflected in the upcoming 2008 Investment Advisor Report and subsequent Projected and Actual Investment Expenses Report (Attachment 5).

#### **VI. STRATEGIC PLAN:**

This item is not a specific product of the Strategic Plan. It is brought to the Finance Committee and the Board of Administration because it provides important information to members and it fulfills the requirements of control language included in the Budget Act of 2008.

**VI. RESULTS/COSTS:**

CalPERS fulfills the requirements of control language included in the Budget Act of 2008.

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Fiscal Services Division

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RUSSELL G. FONG, Chief  
Fiscal Services Division

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JOHN HIBER  
Assistant Executive Officer  
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Attachments